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**IN THE CLAIMS**

What is claimed is:

1. (Currently Amended) A method for distributing optical recorded media to and from users, comprising the steps of:

coupling one or more kiosks to a central server via the Internet, each of the kiosks containing a plurality of optical recorded media;

determining, at the server, inventory of the optical recording media of each of the kiosks;

routinely obtaining, at the server, operational status of each of the kiosks;

automatically interfacing with a first user via a touch screen at a first kiosk in a

first transaction for first local optical recorded media, the touch screen

providing a touch-selectable listing of first local optical recorded media,

including the first local optical recorded media, contained within the first

kiosk, the first kiosk being one of the kiosks, the first user being one of the

users;

automatically communicating between the first kiosk and the server to authorize

the first transaction; and

dispensing the first local optical media to the first user if the first transaction is  
approved.

2. (Original) A method of claim 1, further comprising the step of  
returning the first optical media to a second kiosk.

3. (Original) A method of claim 2, wherein the step of returning the first  
optical media comprises the steps of capturing a digital image of a first code on the first  
optical media and scanning the image to determine a group identifier, the group identifier  
indicating which of the kiosks the first optical media may be returned to, and accepting

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the first optical media at the second kiosk when the second kiosk is associated with the group identifier.

4. (Original) A method of claim 3, further comprising the steps of rotating the image, via internal software to the first kiosk, and rescanning the first code to determine the group identifier.

5. (Original) A method of claim 3, wherein the step of capturing a digital image comprises capturing a second code on the first optical media and scanning the image to determine a disk identifier, the disk identifier uniquely identifying the first optical media, and reporting inventory of the first optical media to the central server if the first optical media is accepted at the second kiosk.

6. (Original) A method of claim 5, further comprising the steps of rotating the image, via internal software to the first kiosk, and rescanning the second code to determine the disk identifier.

7. (Original) A method of claim 3, wherein one or both of the first code and second code comprise a bar code.

8. (Original) A method of claim 3, wherein the second kiosk is the first kiosk.

9. (Original) A method of claim 3, wherein the step of returning the first optical media comprises the steps of sensing characteristics of a case housing the first optical media, determining if the characteristics match predetermined characteristics associated with the first kiosk, and opening a door to an input/output slot of the first kiosk to accept the case and optical media when the characteristics match the predetermined characteristics.

10. (Original) A method of claim 9, wherein the predetermined characteristics are defined by physical structure of the case.

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11. (Original) A method of claim 10, wherein the physical structure forms one or more holes and one or more blocked regions in the case, and wherein the step of sensing characteristics comprises sensing the holes and blocked regions.

12. (Currently Amended) A method of claim 12, determining inventory at the server further comprising tracking inventory movement of the first optical media between the first kiosk and the onesecond kiosk, the step of tracking being accomplished at the central server.

13. (Original) A method of claim 1, further comprising the steps of obtaining and storing one or more images through an image capturing device located within, or in proximity to, the first kiosk.

14. (Original) A method of claim 13, wherein the step of obtaining comprises the step of imaging a person proximal to the first kiosk.

15. (Original) A method of claim 13, wherein the step of obtaining comprises the step of imaging a person interacting with the first kiosk.

16. (Original) A method of claim 13, wherein the step of obtaining comprises the step of imaging a person conducting a user identification or credit card input at the first kiosk.

17. (Original) A method of claim 13, further comprising the step of transmitting the images to the central server.

18. (Previously Presented) A method of claim 1, further comprising the steps of:

automatically interfacing with a second user at a second kiosk in a second transaction for second local optical recorded media, the second local optical media contained within the second kiosk, the second kiosk being one of the kiosks and not the first kiosk, the second user being one of the

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users; automatically communicating between the second kiosk and the server to authorize the second transaction; and dispensing the second local optical media to the second user, at the second kiosk, if the second transaction is approved.

19. (Original) A method of claim 18, further comprising the step of managing the first and second kiosks from the central server.

20. (Original) A method of claim 18, further comprising the steps of communicating advertising information from the server to a third kiosk, the third kiosk being one of the kiosks, and communicating the advertising information to users at the third kiosk.

21. (Original) A method of claim 20, wherein the step of communicating the advertising information comprises one of (a) displaying the information on a screen at the third kiosk and (b) audibly communicating the information to the users through speakers at the third kiosk.

22. (Original) A method of claim 20, wherein the third kiosk is the first kiosk.

23. (Original) A method of claim 1, further comprising the step of backing up at least part of information stored in the central server within internal memory within the first kiosk.

24. (Currently Amended) A method of claim 1, further comprising the steps of profiling user transactions at a ~~fourth~~second kiosk and communicating advertising information at the fourth kiosk based on the profiling of user transactions, the ~~fourth~~second kiosk being one of the kiosks.

25. (Currently Amended) A method of claim 24, wherein the ~~fourth~~second kiosk is the first kiosk.

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26. (Original) A method of claim 1, further comprising the step of managing a group of kiosks through the central server via a personal computer connected to the Internet, the group of kiosks being a subset of all the kiosks.

27. (Previously Presented) A method of claim 26, wherein the step of managing the group of kiosks comprises managing advertising information communicated to users at any of the kiosks within the group of kiosks.

28. (Original) A method of claim 26, further comprising determining inventory at any of the kiosks within the group of kiosks.

29. (Currently Amended) A method of claim 1, the step of determining comprising the step of determining inventory of anyeach of the kiosks via Internet access through the central server.

30. (Original) A method of claim 29, further comprising the step of emailing discount coupons to the first user through the Internet and based on the inventory.

31. (Currently Amended) A method of claim 1, the step of routinely obtaining further comprising the step of identifying one or more alarm states associated with the first kiosk.

32. (Original) A method of claim 31, further comprising the steps of automatically identifying the alarm states and automatically sending information about the alarm states to an administration associated with the central server.

33. (Currently Amended) A method of claim 32, further comprising the step of communicating one or both of voice and text messages to the administration as a message communicated by one or more of email and a mobile phone, pager, email and or other wireless device.

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34. (Original) A method of claim 1, further comprising the step of generating automatic promotions at one or more of the kiosks.

35. (Original) A method of claim 34, wherein the step of generating automatic promotions comprises the step of processing unique promotion codes.

36. (Currently Amended) A method of claim 35, wherein the step of processing unique promotion codes comprises the step of obtaining the promotion codes from ~~at the~~ touch screen at the first kiosk.

37. (Original) A method of claim 35, wherein the step of processing unique promotion codes comprises the step of obtaining the promotion codes from a magnetic card swipe through a reader at the first kiosk.

38. (Original) A method of claim 1, further comprising the step of distributing a coupon to one or more users of the system.

39. (Original) A method of claim 38, wherein the step of distributing a coupon further comprises the step of distributing a coupon to a user of the first kiosk.

40. (Original) A method of claim 39, wherein the step of distributing a coupon to a user comprises the step of distributing a coupon activated by a transaction at the first kiosk.

41. (Original) A method of claim 1, further comprising the step of administering kiosk business data through a remote web-interface.

42-62. (Cancelled)

63. (Withdrawn – Currently Amended) A method for distributing optical recorded media to and from users, comprising the steps of:  
coupling a plurality of kiosks to a central server via the Internet, each of the kiosks configured to dispense a plurality of optical recorded media;

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determining, at the server, inventory of the optical recording media of each of the kiosks;

routiney obtaining, at the server, operational status of each of the kiosks;  
automatically interfacing with a first user via a touch screen at a first kiosk in a first transaction for first local optical recorded media, the touch screen providing a touch-selectable listing of first local optical recorded media, including the first local optical recorded media contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users;

automatically communicating between the first kiosk and the server to authorize the first transaction;

dispensing the first local optical media to the first user if the first transaction is approved; and

accepting return of the first local optical media at a second kiosk, the second kiosk being one of the kiosks.

64. (Withdrawn) A method of claim 63, wherein the step of accepting the first optical media comprises the steps of capturing a digital image of the first optical media.

65. (Withdrawn) A method of claim 64, further comprising the step of electronically scanning the image to decode one or more bar codes on the first optical media to determine an identifier of the first optical media.

66. (Withdrawn – Currently Amended) A method of claim 63, determining inventory at the server furthercomprising tracking inventory movement of the first optical media between the first kiosk and the second kiosk.

67. (Withdrawn) A method of claim 63, further comprising communicating advertising information from the server to any of the one or more kiosks, to communicate advertising information to the users.

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68. (Withdrawn) A method of claim 63, further comprising the steps of profiling user transactions at one of the kiosks and communicating advertising information to the kiosk based on the profiling.

69. (Cancelled)

70. (Withdrawn) A method of claim 63, further comprising the step of generating promotions at one or more of the kiosks.

71. (Withdrawn) A method of claim 63, further comprising the step of distributing a coupon to a user.

72-73. (Cancelled)